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APPLICATION OF SOUTHWESTERN § BEFORE THE STATE OFFICE
ELECTRIC POWER COMPANY FOR § OF
AUTHORITY TO CHANGE RATES § ADMINISTRATIVE HEARINGS

PROPOSED BRIEFING OUTLINE

In accordance with the Administrative Law Judges' (ALJs) request SOAH Order No. 4 that the parties file a briefing outline on May 18, 2021, Southwestern Electric Power Company (SWEPCO) submits the attached agreed proposed briefing outline.¹

- I. Introduction/Summary [Preliminary Order (PO) Issues 1, 2, and 3]
- II. Invested Capital - Rate Base [PO Issues 4, 5, 10, 11, 12, 13, 14, 15, 16, 18, 19, 20, 21, 22]
 - A. Generation, Transmission, and Distribution Capital Investment [PO Issues 4, 5, 10, 11, 13, 14, 15, 16]
 - 1. Dolet Hills Power Station [PO Issues 67, 68, 69, 70, 71]
 - 2. Retired Gas-Fired Generating Units [PO Issue 13]
 - B. Prepaid Pension & OPEB Assets [PO Issue 41]
 - C. Accumulated Deferred Federal Income Tax [PO Issues 20]
 - 1. Net Operating Loss ADFIT
 - 2. Excess ADFIT
 - D. Accumulated Depreciation [PO Issue 12]
 - E. Regulatory Assets and Liabilities [PO Issues 19, 21, 22, 41, 50]
 - 1. Self-Insurance Reserve [PO Issue 19 and 40]
 - 2. Hurricane Laura Costs [36, 37, 38, 39]
- III. Rate of Return [PO Issues 4, 5, 8, 9]
 - A. Overall Rate of Return, Return on Equity, Cost of Debt [PO Issue 8]
 - 1. Return on Equity
 - 2. Cost of Debt
 - B. Capital Structure [PO Issue 7]
 - C. Financial Integrity, Including "Ring Fencing" [PO Issue 9]

¹ The undersigned is authorized to state that all parties—SWEPCO; Commission Staff; Texas Industrial Energy Consumers (TIEC); Cities Advocating Reasonable Deregulation (CARD); Office of Public Utility Counsel (OPUC); Texas Cotton Ginners' Association (TCGA); Walmart Inc.; Eastman Chemical Company (Eastman); Sierra Club; East Texas Electric Cooperative, Inc. and Northeast Texas Electric Cooperative, Inc. (ETEC/NTEC); East Texas Salt Water Disposal Company (ETSWD); and Nucor Steel Longview, LLC (Nucor)—join this agreed report

- IV. Expenses [PO Issues 1, 14, 24, 29, 30, 32, 33, 40, 41, 42, 44, 45, 46, 49, 72, 73, 74]
 - A. Transmission and Distribution O&M Expenses [PO Issue 14, 24]
 - 1. Transmission O&M Expense [PO Issue 24]
 - 2. Transmission expense and revenues under FERC-approved tariff [PO Issue 46]
 - 3. Proposed Deferral of SPP Wholesale Transmission Costs [PO Issues 72, 73, 74]
 - 4. Distribution O&M Expense [PO Issue 24]
 - 5. Distribution Veg Mgmt Expense & Program Expansion [PO Issue 27]
 - 6. Allocated Transmission Expenses related to retail behind-the-meter generation
 - B. Generation O&M Expense
 - C. Labor Related Expenses
 - 1. Payroll Expenses
 - 2. Incentive Compensation
 - a. Short-Term Incentive Compensation
 - b. Long-Term Incentive Compensation
 - 3. Severance Costs
 - 4. Other Post-Retirement Benefits [PO Issue 41]
 - D. Depreciation and Amortization Expense [PO Issue 29]
 - E. Purchased Capacity Expense
 - F. Affiliate Expenses [PO Issue 42]
 - G. Federal Income Tax Expense [PO Issues 32, 33]
 - H. Taxes Other Than Income Tax [PO Issue 30]
 - 1. Ad Valorem (Property) Taxes
 - 2. Payroll Taxes
 - 3. Gross Margin Tax
 - I. Post-Test-Year Adjustments for Expenses [PO Issue 45]
- V. Billing Determinants [PO Issue 4, 5, 6, 54]
- VI. Functionalization and Cost Allocation [PO Issues 4, 5, 52, 53, 55, 56, 57, 58]
 - A. Jurisdictional Allocation [PO Issues 55, 57]
 - B. Class Allocation [PO Issues 53, 58]
 - C. Municipal Franchise Fees [PO Issue 31, 56]
- VII. Revenue Distribution and Rate Design [PO Issues 4, 5, 47, 48, 52, 59, 60, 61, 62, 75, 76, 77, 78, 79]
 - A. Rate Moderation / Gradualism [PO Issue 52]
 - B. Rate Design and Tariff Changes [PO Issues 60, 61, 62]
 - C. Transmission Rate for retail behind-the-meter generation
 - D. Riders [PO Issues 47, 48, 75, 76, 77, 78, 79]
 - 1. Proposed Residential Service Plug-in Electric Vehicle Rider [PO Issues 75, 76, 77, 78, 79]
 - 2. Renewable Energy Credit Rider [PO Issues 47, 48]

- VIII. Baselines for Cost-Recovery Factors [PO Issue 4, 5, 52, 63]
 - A. Interim Transmission Cost of Service
 - B. Transmission Cost Recovery Factor
 - C. Distribution Cost Recovery Factor
 - D. Generation Cost Recovery Rider
- IX. Reasonableness & Recovery of Rate Case Expenses [PO Issues 26, 27,28]
- X. Other Issues [including but not limited to PO Issues]
 - A. Additional issues
 - B. CWIP [PO Issue 17]
 - C. Cash Working Capital [PO Issue 18]
 - D. Administrative and General O&M Expenses [PO Issue 25]
 - E. Tax savings from liberalized depreciation [PO Issue 34]
 - F. Advertising expense [PO Issue 35]
 - G. Competitive affiliates [PO Issue 43]
 - H. Deferred Costs [PO Issue 50, 51]
 - I. Proposed Time-of-Use Rate Pilot Projects [PO Issues 80, 81, 82, 83, 84, 85]
 - J. Experimental Economic Development Rider
 - K. Any exceptions requested to PUC rules [PO Issue 64]
 - L. Should PUC approve requests for waivers? [PO Issue 65]
 - M. Compliance with Dkt. 46449 [PO Issue 66]
- XI. Conclusion

Respectfully submitted,

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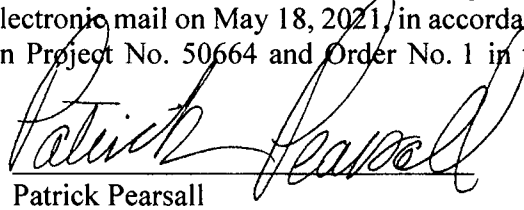
By: 

Patrick Pearsall

**ATTORNEYS FOR SOUTHWESTERN
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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on May 18, 2021, in accordance with the Second Order Suspending Rules issued in Project No. 50664 and Order No. 1 in this matter.



Patrick Pearsall